

THACHER PROFFITT & WOOD

5-340A072

TWO WORLD TRADE CENTER
NEW YORK, NEW YORK 10048
212-912-7400

WRITER'S DIRECT DIAL 212- 912-7651

No.

Date DEC 6 1985

Fee \$ 20.00

ICC Washington, D.C.

CABLE "WALLACES NEW YORK"
TELEX 226733
TELECOPIER 212-912-7751

WASHINGTON OFFICE:
1140 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
1-800-638-6409
TELECOPIER 202-955-8441

*Filing fee is
\$20.00 - covers the document
+ cross-indexing*

December 5, 1985

Mr. James H. Bayne
Secretary
Interstate Commerce Commission
Washington, D.C.

RECORDATION NO. 14858, Filed 1425

DEC 6 1985 2 12 PM

INTERSTATE COMMERCE COMMISSION

Dear Mr. Bayne:

I have enclosed three (3) originals of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

New Number This document is a Purchase Agreement, Assignment of Lease and Security Agreement, a primary document, dated as of November 27, 1985.

Please cross-index this Purchase Agreement, Assignment of Lease and Security Agreement under Recordation No. 14724.

The names and addresses of the parties to this document are as follows:

Assignor/Debtor: CIS Rail Corporation
909 Montgomery Street
San Francisco, California 94133

Assignee/Secured Party: Patton R. Corrigan
47 Lyncroft Road
New Rochelle, New York 10804

A description of the equipment covered by the document follows:

One (1) General Motors Corporation (Electro-motive Division) Model SD40-2, 3000-horsepower locomotive, bearing Missouri-Kansas-Texas Railroad Company road number 637.

*Countersigned
Heidi A. Boone*

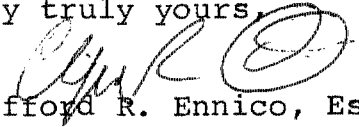
A short summary of the document to appear in the index follows:

Covers One (1) locomotive - Missouri-Kansas-Texas Railroad Company road number 637.

A total fee of \$20 is enclosed, \$10 of which is to cover the filing fee for this document and \$10 to cover the cross-indexing under Recordation No. 14724.

Please return to bearer the stamped counterparts not needed by the Commission for its files.

Very truly yours,


Clifford R. Ennico, Esq.

PURCHASE AGREEMENT, ASSIGNMENT OF LEASE,
AND SECURITY AGREEMENT

14858
DEC 6 1985 3 18 PM
INTERSTATE COMMERCE COMMISSION

Purchase Agreement, dated as of the 27th day of November, 1985 by and between CIS Rail Corporation, a California corporation ("Seller"), with offices at 909 Montgomery Steet, San Francisco, California 94133 and Patton R. Corrigan, an individual residing at 47 Lyncroft Road, New Rochelle, New York 10804 ("Buyer").

W I T N E S S E T H :

WHEREAS, Seller is the owner of the SD40-2 locomotive described on Schedule A annexed hereto (the "Equipment"), which is being leased to the Missouri-Kansas-Texas Railroad Company as the user (the "User") pursuant to the lease described on Schedule A (the "User Lease"); and

WHEREAS, the Equipment is subject to a lien (as more fully described in section 1.1 below) in favor of Liberty Life Insurance Company (the "Lender") to secure indebtedness incurred in connection with the acquisition of the Equipment by Seller (the "Debt"); and

WHEREAS, Seller desires to sell and Buyer desires to purchase the Equipment on the terms set forth below;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

1. Sale of Equipment

1.1 Conveyance. Subject to the terms and conditions hereof, Seller hereby sells the Equipment to Buyer, and Buyer hereby purchases the Equipment from Seller, and Seller hereby (i) assigns to Buyer all of its rights as lessor under the User Lease, including the right to all payments to become due under the User Lease and any renewal or extension thereof, whether as rent, late charges, damages, insurance payments, termination payments, loss payments, indemnities or otherwise, and any and all proceeds of the User Lease, and any renewal or extension thereof, within the meaning of the Uniform Commercial Code, together with all of the rights and remedies of the Seller to enforce, collect, and receive any and all of the foregoing sums assigned to the extent to which the same accrue on and after the date hereof and (ii) delegates to Buyer and Buyer hereby assumes from Seller all of Seller's obligations and duties as lessor under the User Lease. This sale is expressly made subject and subordinate to the first security interest of Lender in and to the Equipment and the User Lease (the "Lien") pursuant to that certain Security Agreement and Assignment dated as of September 16,

1985 between Seller, as debtor, and Lender, as secured party. The Equipment is also encumbered by and subordinate to the rights of User under the User Lease.

1.2 Price. The purchase price to be paid for the Equipment is the amount specified on Schedule B as the "Purchase Price" therefor. Payment of the cash portion of the Purchase Price is being made by delivery, concurrently with the execution and delivery hereof, of two short term recourse promissory notes, substantially in the form annexed hereto as Exhibits Y-1 and Y-2 (the "Notes"), and a certified or bank cashier's check, which in the aggregate equal the amount set forth in Schedule B as the "Down Payment". Payment of the "Non-Cash Portion" of the Purchase Price is being made by Buyer acquiring the Equipment subject to the Debt described on Schedule A.

1.3 Purchase Money Security Interest. Buyer hereby grants to Seller a purchase money security interest in and to the Equipment and the User Lease, subject and subordinate to the Lien, as security for Buyer's obligations to Seller under the Notes. Buyer agrees, at the request of Seller, to execute and deliver such documents, including financing statements in form acceptable for recording in any appropriate jurisdiction, as reasonably may be required to

evidence, perfect, and maintain the purchase money security interest granted by Buyer to Seller hereunder.

1.4 Bill of Sale. Seller is delivering to Buyer concurrently with the execution and delivery hereof, and Buyer hereby acknowledges receipt of, a bill of sale for the Equipment, substantially in the form annexed hereto as Exhibit B ("Bill of Sale").

1.5 Passage of Title. Buyer and Seller hereby acknowledge that User, as the agent of Buyer, shall accept the Equipment in Texas on behalf of Buyer concurrently with the execution and delivery of this Agreement. For all purposes hereunder, title to the Equipment shall pass from Seller to Buyer in Texas.

2. Representations, Warranties and Covenants of Seller.

Seller represents, warrants and covenants to Buyer as follows:

2.1 Good Standing; Binding Obligation. Seller is a duly and validly organized and existing corporation in good standing under the laws of the State of California. Seller has full power and authority to enter into this Agreement and the Bill of Sale. Seller had full power and authority to enter into the User Lease and the transactions creating the Lien at the time the transactions were entered into. Seller

had full power and authority to enter into the Locomotive Manufacturing Agreement dated as of December 20, 1984 with User. Seller has, and at all relevant times had, full power and authority to execute and deliver all other instruments and documents executed and delivered in connection with or relating to the transactions contemplated hereby and thereby, and to consummate the transactions contemplated hereby and thereby. The Bill of Sale, and all such other instruments and documents are hereinafter referred to collectively as the "Other Documents". This Agreement and the Other Documents and the consummation of the transactions contemplated hereby and thereby, including the transactions creating the Lien, have been duly authorized by all necessary corporate and other action of Seller, and this Agreement and the Other Documents have been duly executed and delivered by, and constitute the legal, valid and binding obligations of, Seller, and to the best of Seller's knowledge, the other parties thereto, enforceable in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or similar laws relating to or affecting creditors' rights generally. There is no action, suit or proceeding pending against Seller and no law or any order, writ, injunction, decree, rule or regulation of any court, administrative agency or other

governmental authority which brings into question the validity of, or might in any way impair, the execution, delivery or performance by Seller of this Agreement or any of the Other Documents. No giving of notice to, registration with or taking any action in respect of or by any federal, state or local governmental body (other than New York State and any of its local governmental bodies) ("actions") are required and no governmental authorization or approvals ("approvals") are required for the execution and delivery of this Agreement or any of the Other Documents, or for the validity and enforceability hereof or thereof or for the leasing of the Equipment under the User Lease for the rentals and on the other terms and conditions therein provided, or, if any such actions or approvals are so required they have been so given and/or obtained, and, if any such actions or approvals are hereafter required, they will be promptly given and/or obtained. No approval of, or consent from, any other third party is required for the execution, delivery or performance by Seller of this Agreement or any of the Other Documents executed and delivered by Seller, provided that Buyer has executed and delivered to Lender a Certificate of Transferee substantially in the form annexed hereto as Exhibit D.

2.2 Inconsistent Agreements. The execution, delivery and performance by Seller of this Agreement and the

Other Documents and the transactions contemplated hereby and thereby do not contravene, violate or conflict with any provisions of any law or any order, writ, injunction, decree, rule or regulation of any court, administrative agency or any other governmental authority applicable to Seller, and do not conflict with and are not inconsistent with, and will not result (with or without the giving of notice or passage of time or both) in a breach of or constitute a default or require any consent not heretofore obtained under the terms of any credit agreement, lease, guarantee, document, agreement or instrument to which Seller is a party, by which Seller or its property is or may be bound, or to which Seller or its property may be subject and will not result in the creation of any lien, charge or encumbrance on the Equipment or on the User Lease, except the purchase money security interest described in section 1.3 herein, or be in violation of or beyond the authority conferred by Seller's certificate of incorporation or by-laws.

2.3 Taxes; Permits. All sales, use, or value added, property or other taxes, licenses, tolls, inspection or other fees, bonds, permits or certificates which were or may be required to be paid or obtained in connection with the acquisition by Seller of the Equipment, the lease by Seller of the Equipment to User, and the sale and assignment by

Seller of the Equipment and the User Lease to Buyer hereunder have been paid in full or obtained or, when due, will be paid in full or obtained promptly.

2.4 The User Lease. The User Lease has been duly executed by Seller, is in full force and effect, and constitutes the valid and binding obligation of Seller. No default or condition now exists which, with or without the passage of time or giving of notice or both, would constitute a default by Seller, as lessor, under the User Lease. The User Lease constitutes the entire agreement between the parties thereto concerning the Equipment and the use thereof by User. Seller heretofore has delivered to Buyer a copy of the User Lease and all amendments thereto, all of which are true, correct and complete copies thereof, and there are no amendments, modifications or alterations which have not been so delivered to Buyer. Seller is not a party to any agreements, leases, liens or encumbrances affecting the Equipment or the User Lease, other than the agreements entered into in connection with the Lien and the User Lease which are disclosed on Exhibit F attached hereto. Nothing has come to Seller's attention which would lead Seller to believe that the sale, use, or operation of the Equipment violates or infringes the patent, trademark, trade names or other rights of any party. To the date hereof, Seller has observed and

complied with, and hereafter, to the extent applicable, Seller shall observe and comply with, all of the terms and conditions of the User Lease including, without limitation, all of Seller's obligations as lessor to the User under the User Lease.

2.5 The Loan Documents. The documents executed in connection with the Debt, which are listed in Exhibit E hereto (the "Loan Documents"), have been duly executed, are in full force and effect, constitute the valid and binding obligations of each party thereto and are enforceable in accordance with their terms (subject to the laws of general application affecting creditor's rights). The representations and warranties of Seller in the Loan Documents and in any certificate or other document delivered to or in connection therewith are true and correct as of the date hereof and thereof. There has been no default under the Loan Documents by any party thereto and no default or condition now exists which, with or without the passage of time or giving of notice or both, would constitute a default thereunder by any party thereto. Seller heretofore has delivered to Buyer copies of the Loan Documents, and Buyer hereby acknowledges receipt thereof, and such copies are true, correct and complete copies thereof and have not been in any way modified, amended, or altered other than as shown in the

documents which have been so delivered to Buyer. Seller shall continue to observe and comply with all the terms and conditions of the Loan Documents applicable to Seller.

2.6 Title. On the date hereof, Seller shall, and hereby does, transfer to Buyer good and marketable title in and to the Equipment free and clear of all leases, liens, claims, charges, equities and encumbrances arising by, through or under Seller of any kind or nature whatsoever, except for (i) the User Lease, (ii) the Lien, and (iii) the purchase money security interest created in favor of Seller pursuant to section 1.3 hereof.

2.7 Documentation. Seller has furnished to Buyer a true, correct and complete copy of each and every material document delivered to or by Seller in connection with the manufacture of the Equipment by User, the purchase of the Equipment by Seller and the leasing of the Equipment to User and all documents to which Seller is a party creating or relating to any undischarged lien, claim or encumbrance or to any transfer of title of any kind or nature concerning the Equipment or the User Lease, which documents are listed in Exhibit F hereto (the "Seller Documents"). Buyer hereby acknowledges receipt of the Seller Documents.

2.8 Warranty Disclaimer. EXCEPT AS SET FORTH HEREIN OR IN THE BILL OF SALE, SELLER DOES NOT WARRANT THE

CONDITION OF THE EQUIPMENT IN ANY RESPECT, EITHER EXPRESSLY OR BY IMPLICATION, AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLER HEREBY SELLS THE EQUIPMENT TO BUYER "AS IS", "WHERE IS", AND SELLER HEREBY EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS OR ADEQUACY FOR ANY PARTICULAR PURPOSE OR USE, QUALITY, PRODUCTIVENESS OR CAPACITY. SELLER HEREBY ASSIGNS TO BUYER (TO THE EXTENT TO WHICH THE SAME MAY BE ASSIGNABLE AND NOT PREVIOUSLY ASSIGNED TO USER) ANY WARRANTY, AND ANY RIGHTS TO INDEMNITY OF THE MANUFACTURER RELATIVE TO THE EQUIPMENT.

2.9 True Sale. Seller will account for the transactions referred to herein as a true sale of the Equipment and will not take any position on its tax returns or in any other document or instrument relating thereto that is inconsistent therewith.

2.10 User Lease Rents. The periodic rents due from User during the initial term of the User Lease are sufficient to pay to Lender installments under the Debt, as and when such installments are due and payable, and the aggregate of such rents are sufficient to fully amortize the Debt and discharge the Lien in full.

2.11 Tax Treatment. As of the date of the execution of this Agreement, the Equipment constitutes "recovery property" and "five-year property" within the

meaning of Section 168 of the Internal Revenue Code of 1954, as amended.

2.12 Insurance. Seller agrees to deliver to Buyer as soon as practicable hereafter (i) an appropriate endorsement, dated as of the date hereof, issued by User's insurance carrier, naming Buyer as an additional insured with respect to the Equipment, as his interests may appear, and (ii) a copy of the insurance policy to which the endorsement refers.

3. Representations, Warranties and Covenants of Buyer.

Buyer hereby represents, warrants and covenants to Seller as follows:

3.1 Inconsistent Agreements. The execution, delivery and performance by Buyer of this Agreement and the Other Documents executed and delivered by Buyer and the transactions contemplated hereby and thereby do not contravene any law or any order, writ, injunction, decree, rule or regulation of any court, administrative agency or any other governmental agency, applicable to Buyer, and do not conflict with and are not inconsistent with, and will not result (with or without the giving of notice or passage of time or both) in a breach of or constitute a default or require any consent under, the terms of any credit agreement, indenture, mort-

gage, agreement, deed of trust, security agreement, lease, guarantee or other instrument to which Buyer is a party or by which Buyer or its property is or may be bound.

3.2 Quiet Enjoyment. So long as User shall not be in default under any of the provisions of the User Lease, Buyer shall take no action to interfere with User's quiet and peaceful possession of the Equipment pursuant to the User Lease.

3.3 Priority of Bank Liens. Buyer agrees, at the request of Seller, to execute and deliver such documents, instruments and agreements as reasonably may be required to evidence, perfect and maintain the priority of the security interest represented by the Lien, including any subordination or security agreement and any financing statements in form acceptable for recording in any appropriate jurisdiction.

4. Deliveries by Seller. Seller is delivering to Buyer concurrently with the execution and delivery hereof:

(a) the Bill of Sale in the form annexed as Exhibit B; and

(b) a certificate, dated the date hereof, executed by the secretary or an executive officer of Seller, as to the incumbency of the officer of Seller executing this Agreement and the Other Documents, substantially in the form annexed as Exhibit C.

5. Indemnity.

5.1 Indemnification of Buyer. Seller shall indemnify and hold Buyer harmless from and against any and all loss, cost, damage, injury or expense (including court costs and reasonable attorneys' fees) which Buyer may incur by reason of (i) any breach by Seller of any of its warranties, representations, covenants, agreements or obligations set forth herein or in any documents executed in connection herewith, and (ii) the imposition on the Equipment of any foreign, federal, state, or other tax lien or the foreclosure of such lien, by virtue of Seller's failure to pay or the underpayment of the federal, state, foreign or other taxes required to be paid by Seller pursuant to this Agreement.

5.2 Indemnification of Seller. Buyer shall indemnify and hold Seller harmless from and against any and all loss, cost, damage, injury or expense (including court costs and reasonable attorneys' fees) which Seller may incur by reason of any breach by Buyer of any of its warranties, representations, covenants, agreements or obligations set forth herein or in any documents executed in connection herewith.

5.3 Notice of Claims; Settlement. In the event any claim for indemnification hereunder arises on account of a claim or action made or instituted by a third person

against either party, such party shall notify the indemnifying party promptly after receipt of notice of such claim by the party to be indemnified. The indemnifying party shall be entitled to participate in the defense of any such claim or action, using counsel of its own choosing and, if the indemnifying party shall elect to participate, the claim or action may not be settled without the indemnifying party's prior written consent, which shall not be unreasonably withheld or delayed, unless the indemnifying party shall deny the other party's right to indemnification.

6. Miscellaneous.

6.1 Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

6.2 Survival. The agreements, representations, warranties and covenants made herein shall survive the execution and delivery of this Agreement, the Bill of Sale, and the consummation of the transactions described herein.

6.3 Captions. The captions appearing in this Agreement and in any other documents relating to this transaction are inserted only as a matter of convenience and in no way define, limit or describe the scope or intent of such sections or articles nor in any way affect this Agreement or any other documents relating to this transaction.

6.4 Modifications. This Agreement may not be altered, modified or amended except by a writing signed by the party against whom such alteration, modification or amendment is sought.

6.5 Course of Dealing. No course of dealing between Seller and Buyer, or any delay in exercising any rights or remedies hereunder or otherwise shall operate as a waiver of any of the rights and remedies of Seller or Buyer.

6.6 Further Assurances. The parties hereto agree to execute and deliver, or cause to be executed and delivered, such further instruments or documents and take such other action as may be required to effectively carry out the transactions contemplated herein, provided the same do not impose any additional liabilities or obligations upon Buyer or Seller.

6.7 Notices. Any notice, request or other communication to either party by the other hereunder shall be deemed given on the earlier of the date the same is (i) actually received and acknowledged, or (ii) five (5) days after mailing by certified or registered mail, return receipt requested, postage prepaid and addressed to the party for which it is intended at the address set forth at the head of this Agreement. The place to which notices are to be given

to either party may be changed from time to time by either party by like notice to the other.

6.8 Choice of Law. This Agreement shall be governed by and interpreted under the laws of the State of New York without giving effect to the principles of conflicts of law. Except in respect of an action commenced by a third party in another jurisdiction, Buyer and Seller agree that any legal suit, action or proceeding arising out of or relating to this Agreement must be instituted in a state or federal court in the County and State of New York, and they hereby irrevocably submit to the jurisdiction of any such court.

6.9 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the invalidity or enforceability of any other provision.

6.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

SELLER:

CIS Rail Corporation

By: Stephen C. Brennan

Name: Stephen C. Brennan

Title: President

BUYER:

Patton R. Corrigan
Patton R. Corrigan

CIS Corporation, a New York corporation with an office and place of business at 1000 James Street, Syracuse, New York 13203, in consideration of the purchase of the Equipment by Buyer, hereby joins in the execution of this Agreement and hereby unconditionally guarantees the accuracy and performance, as the case may be, of all of Seller's representations, warranties, covenants and obligations to Buyer hereunder.

Acknowledged and Agreed:

CIS Corporation

By: Stephen C. Brennan

Name: Stephen C. Brennan

Title: Vice President

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this 3rd day of December, 1985, before me personally came Patton R. Corrigan, to me known and known to me to be the individual described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same.


Notary Public

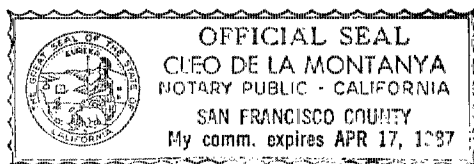
My commission expires: _____

(NOTARIAL SEAL)

KAREN L. FARNSWORTH
Notary Public, State of New York
No. 4805075
Qualified in New York County
Commission Expires March 30, 1986

STATE OF CALIFORNIA)
 : ss.:
COUNTY OF SAN FRANCISCO)

On the 4 day of December, 1985, before me personally came Stephen C. Bieneman, who, being by me duly sworn, did say that he/she is an Authorized Officer of CIS CORPORATION, that one of the seals affixed to the foregoing instrument is the seal of said Corporation, and that said instrument was signed and sealed on behalf of said Corporation by authority of its by-laws and by resolution of its board of directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.



(NOTARIAL SEAL)


Notary Public

My commission expires: 4-17-87

STATE OF CALIFORNIA)
 : ss.:
COUNTY OF SAN FRANCISCO)

On the 4 day of December, 1985, before me personally appeared Stephen C. Brennan, to me personally known, who being by me duly sworn, says that he is the President of CIS RAIL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.



Cleo De La Montanya
Notary Public

My commission expires: 4-17-87

(NOTARIAL SEAL)

Schedule A: Description of Equipment,
User, User Lease, Lender,
and Debt

Schedule B: Terms of Payment

Exhibit B: Bill of Sale

Exhibit C: Seller's Incumbency Certificate

Exhibit D: Certificate of Transferee

Exhibit E: Loan Documents

Exhibit F: Seller Documents

Exhibits Y-1 and Y-2: Promissory Notes

SCHEDULE A

User: Missouri-Kansas-Texas Railroad Company
701 Commerce Street
Dallas, Texas 75202

User Lease: Lease dated as of May 31, 1985 between CIS Rail Corporation, as lessor, and Missouri-Kansas-Texas Railroad Company, as lessee

Initial Term: June 27, 1985 to December 31, 1995

Description of Equipment:

One (1) General Motors Corporation (Electromotive Division) Model SD40-2, 3,000 horsepower locomotive constructed pursuant to specification 8087, and rebuilt pursuant to the Locomotive Manufacturing Agreement dated as of December 20, 1984, between Seller and User, bearing User's road number 637.

Lender: Liberty Life Insurance Company
2000 Wade Hampton Boulevard
Greenville, South Carolina 29615

Principal: \$713,946.55

Interest rate:
12.5% per annum

Outstanding principal balance as of November 27, 1985:
\$713,946.55

SCHEDULE B

Purchase Price: \$827,769.55

Down Payment: \$113,823.00

Non-Cash Portion: Non-Cash Portion is the total outstanding principal balance of the Debt as of November 27, 1985, as identified on Schedule A.

EXHIBIT B

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that CIS Rail Corporation, a California corporation, having an office and place of business at 909 Montgomery Street, San Francisco, California 94133 (the "Seller"), for and in consideration of the sum of Ten (\$10.00) Dollars and other good and valuable consideration received from the party identified below as the Buyer ("Buyer"), the receipt and sufficiency of which by Seller is hereby acknowledged, does hereby sell, assign and transfer unto the Buyer, its successors and assigns forever, all of the right, title and interests of the Seller in and to the SD40-2 locomotive described in Schedule A (the "Equipment") attached to the Purchase Agreement (defined below), together with all of Seller's rights as lessor under the lease of the Equipment by Seller to the user (the "User") described in such Schedule A,

TO HAVE AND TO HOLD the Equipment unto Buyer, its successors and assigns, to its and their own use and behalf forever.

All of the covenants, agreements, warranties and representations of Seller set forth in a certain purchase

agreement between Seller and Buyer of even date herewith (the "Purchase Agreement"), for the purchase of the Equipment are hereby incorporated herein by reference.

This Bill of Sale and the representations, warranties and covenants herein contained shall inure to the benefit of Buyer and its successors and assigns and shall bind Seller and its successors and assigns.

Seller represents and warrants to Buyer that Seller is the owner of the Equipment and that Seller has and hereby conveys to Buyer good and valid title to the Equipment on the terms set forth in the Purchase Agreement.

EXCEPT AS SET FORTH IN THE PURCHASE AGREEMENT AND HEREIN, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE AND HEREBY CONVEYS THE EQUIPMENT TO BUYER "AS IS", "WHERE IS".

This Bill of Sale shall be governed by and interpreted under and in accordance with the laws of the State of New York applicable to contracts made and to be performed therein, without giving effect to the principles of conflicts of law. Except in respect of an action commenced by a third party in another jurisdiction, the parties hereto agree that any legal suit, action or proceeding arising out of or

relating to this Bill of Sale must be instituted in a state or federal court having jurisdiction in the County and State of New York, and they hereby irrevocably submit to the jurisdiction of any such court.

The name and address of the Buyer are:

Patton R. Corrigan
47 Lyncroft Road
New Rochelle, New York 10804

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed as of the 27th day of November, 1985.

SELLER:

CIS Rail Corporation

By: _____

Name: _____

Title: _____

EXHIBIT C

SELLER'S INCUMBENCY CERTIFICATE
FOR CORPORATIONS

The undersigned, an officer of the corporation identified below (the "Corporation"), does hereby certify that the following named person is a duly elected official of the Corporation, that he holds the office set forth opposite his name below, and that the signature written opposite his name and title is such officer's correct and genuine signature:

Name

Title

Signature

The name, address and state of incorporation of the Corporation are:

CIS Rail Corporation
909 Montgomery Street
San Francisco, California 94132
(a California corporation)

IN WITNESS WHEREOF, I have hereunto signed my name as of the 27th day of November, 1985.

Name: _____

Title: _____

DOCUMENT: cert of transferee
FOLDER: 02 agreements
DRAWER: 001
CABINET: 14302

USER: winnie
DATE: 11/29/85
TIME: 06:46

EXHIBIT D

CERTIFICATE OF TRANSFEREE

As the Transferee referred to in the Security Agreement and Assignment, dated as of September 16, 1985 (the "Security Agreement"), between CIS Rail Corporation ("Lessor") and Liberty Life Insurance Company ("Lender"), and the Assignment of Lease and Agreement, dated as of September 16, 1985 (the "Assignment"), from Lessor to Lender, Transferee hereby represents, warrants, agrees and covenants to Lender as follows (except as set forth herein, the terms used in this Certificate shall have the same meaning as set forth in the Security Agreement):

(a) Transferee is a citizen of and resides in the United States of America and has full power and authority to enter into and perform Transferee's obligations under this Certificate of Transferee, the Purchase Agreement dated as of November __, 1985 between Lessor, as seller, and Transferee, as buyer, and the agreements, certificates and instruments contemplated by all of the foregoing (collectively, the "Transfer Documents").

(b) The Transfer Documents have been executed and delivered by Transferee and constitute the legal, valid, and binding agreements and obligations of Transferee, enforceable

in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally or by legal or equitable doctrines which may limit the availability of specific performance under specific circumstances.

(c) The performance by Transferee of his obligations under the Transfer Documents will not subject the Collateral to any lien, charge, or encumbrance (other than the liens and security interests provided or permitted in the Security Agreement and the Assignment) under any indenture, mortgage, contract, or other instrument to which Transferee is a party or by which Transferee is bound.

(d) To induce Lender to consent to the sale of the Collateral to Transferee, Transferee hereby (i) acknowledges the first security interest of Lender in the Collateral described in the Security Agreement, (ii) waives any objection to the validity or enforceability of the Security Agreement or the Assignment, (iii) agrees that his right, title, and interest (including security interests) in and to the Equipment, the Lease and any other Collateral is and shall be expressly subject and subordinate to the right, title, and interest of Lender therein, (iv) grants to Lender a security interest in all of Transferee's rights in the

Collateral, (v) agrees that upon the occurrence of an event of default under Section 5.1 of the Security Agreement, Lender may exercise and enforce the rights and remedies set forth therein against the right, title and interest of Transferee in and to such Collateral, (vi) agrees that Transferee has not sold and shall not sell, assign, convey, transfer, exchange, create a security interest in or otherwise dispose of any of the Equipment or take any other action with respect thereto (except for any sale or transfer by Transferee which meets the requirements set forth in Section 2.7 in the Security Agreement) without the prior written consent of Lender, (vii) agrees that he will not amend, waive, discharge or terminate any term or provision of the Lease or give any consent thereunder, without the prior written consent of Lender, (viii) agrees that he will not take any action to disturb the quiet use, possession and enjoyment of the Equipment by Lessee under the Lease and by any other lessee or sublessee thereof not in default under its lease obligations under any lease or sublease permitted by the Lease, (ix) agrees that he will not do any act or thing which would cause a breach or default by Lessor under any lease or sublease permitted by the Lease, (x) agrees that any provision of the Transfer Documents inconsistent with this Certificate shall be null and void as against Lender, or

with respect to the Collateral (until the security interest of Lender shall have terminated), (xi) agrees to notify Lender if he changes his principal place of residence, and (xii) agrees that upon reasonable request of Lender, he will promptly and at his own expense execute and deliver any and all such further instruments and documents as Lender may reasonably deem desirable to better assure and confirm to Lender the benefits, powers, and remedies of this Certificate.

Patton R. Corrigan,
as Transferee

Acknowledged and Agreed:

Liberty Life Insurance Company

By: _____

Name: _____

Title: _____

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) ss.:

On this _____ day of _____, 1985, before me personally came Patton R. Corrigan, to me known and known to me to be the individual described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same.

Notary Public

My commission expires: _____

(NOTARIAL SEAL)

STATE OF SOUTH CAROLINA)
)
COUNTY OF _____) ss.:

On the _____ day of _____, 1985, before me personally came _____, who, being by me duly sworn, did say that he/she is an Authorized Officer of LIBERTY LIFE INSURANCE COMPANY, that one of the seals affixed to the foregoing instrument is the seal of said Corporation, and that said instrument was signed and sealed on behalf of said Corporation by authority of its by-laws and by resolution of its board of directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

My commission expires: _____

(NOTARIAL SEAL)

DOCUMENT: Exhibits E, F
FOLDER: 02 agreements
DRAWER: 001
CABINET: 14302

USER: winnie
DATE: 12/03/85
TIME: 04:20

LOAN DOCUMENTS

1. Security Agreement and Assignment, dated as of September 16, 1985, between CIS Rail Corporation ("CIS"), as debtor, and Liberty Life Insurance Company ("Lender"), as secured party.
2. Assignment of Lease and Agreement, dated as of September 16, 1985, between CIS, as assignor, and Lender, as assignee.
3. Promissory Note, dated as of September 16, 1985, between CIS, as payor, and Lender, as payee.
4. Notice of Assignment, dated September 16, 1985, from CIS to Missouri-Kansas-Texas Railroad Company ("M-K-T").
5. Opinion letter of Arthur M. Albin, dated September 19, 1985, addressed to CIS and Lender.
6. Opinion letter of Wilmer, Cutler & Pickering, dated September 19, 1985, addressed to CIS and Lender.
7. Indemnification and Hold Harmless Agreement, dated as of September 19, 1985, between CIS and Lender.
8. Partial Release, dated as of April 24, 1984, between Texas Commerce Bank National Association and M-K-T.

SELLER DOCUMENTS

1. Lease, dated as of May 31, 1985, between CIS Rail Corporation ("CIS"), as lessor, and Missouri-Kansas-Texas Railroad Company ("M-K-T"), as lessee.
2. Amendment No. 1 to Lease of Railroad Equipment, dated as of September 16, 1985, between CIS, as lessor, and M-K-T, as lessee.
3. Locomotive Manufacturing Agreement, dated as of December 20, 1984, between CIS and M-K-T.
4. Contract of Sale, dated as of December 20, 1984, between M-K-T, as vendor, and CIS, as vendee.
5. Certificate of Acceptance, dated as of June 27, 1985, executed by M-K-T.
6. Bill of Sale, dated as of December 20, 1984, executed by M-K-T.
7. Security Agreement and Assignment, dated as of September 16, 1985, between CIS Rail Corporation ("CIS"), as debtor, and Liberty Life Insurance Company ("Lender"), as secured party.
8. Assignment of Lease and Agreement, dated as of September 16, 1985, between CIS, as assignor, and Lender, as assignee.
9. Promissory Note, dated as of September 16, 1985, between CIS, as payor, and Lender, as payee.
10. Notice of Assignment, dated September 16, 1985, from CIS to Missouri-Kansas-Texas Railroad Company ("M-K-T").
11. Opinion letter of Arthur M. Albin, dated September 19, 1985, addressed to CIS and Lender.
12. Opinion letter of Wilmer, Cutler & Pickering, dated September 19, 1985, addressed to CIS and Lender.
13. Indemnification and Hold Harmless Agreement, dated as of September 19, 1985, between CIS and Lender.
14. Partial Release, dated as of April 24, 1984, between Texas Commerce Bank National Association and M-K-T.

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned ("Payor") promises to pay to the order of CIS Rail Corporation, 909 Montgomery Street, San Francisco, California 94133 ("Payee"), the principal sum set forth below on the maturity date set forth below ("Maturity"), together with interest on such amount commencing the date hereof, at the rate set forth below, on the dates set forth below. Payment of this Note and interest thereon shall be made in lawful money of the United States of America at Payee's office address given above or at such other commercial bank within the United States of America as the holder of this Note may designate by notice to Payor not less than five (5) days prior to the date when any payments hereunder are due and payable.

Payor waives presentment, demand for payment, notice of dishonor, notice of protest, and all other notices or demands in connection with the delivery, acceptance, performance, default, endorsement or guarantee of this Note.

This Note together with another note and certain cash payments represent the equity portion of Payor's ownership of certain equipment from which Payor derives certain tangible benefits, which benefits Payor fully acknowledges as sufficient consideration for this Note.

In the event Payor shall fail to pay this Note or interest hereon when due or shall enter into an assignment for the benefit of creditors or admit in writing its inability to pay its debts as they become due or shall file a voluntary petition in bankruptcy or be adjudicated a bankrupt or insolvent or shall file a petition or answer seeking any arrangement, composition, readjustment, dissolution or similar relief under any present or future statute, law or regulation or shall file any answer admitting or shall fail to deny the material allegations of any petition filed against it for any such relief or shall seek or consent to or acquiesce in the appointment of any trustee or receiver for itself or any substantial part of its property, thereupon, and in any such event (an "event of default") and at any time thereafter during the continuance of such event, this Note and all other present and future liabilities of any and all kinds of the Payor to the holder hereof whether created directly or acquired by assignment, whether absolute or contingent, shall, unless the holder shall otherwise elect, become forthwith due and payable, both as to principal and interest, without presentment, demand, protest or any further notice of any kind, all of which are hereby expressly waived, anything contained herein or to the contrary notwithstanding.

This Note is transferable and assignable in its entirety and all rights of the Payee against the Payor as

created by this Note are similarly transferable and assignable.

If this Note is held by a commercial bank or a lending institution, such holder, its successors, assigns and endorsees, shall in all respects be deemed a holder in due course, and shall take this Note free of any offsets, defenses or claims of any nature of the undersigned against the Payee, any other person, firm or corporation.

This Note may be prepaid, in whole or in part, at any time, without penalty. In the event this Note shall not be promptly paid when due, Payor shall pay all reasonable costs of enforcement and collection of this Note including reasonable attorney's fees.

This Note shall be construed in accordance with and governed by the laws of the State of New York without giving effect to the principles thereof relating to conflicts of law. For any dispute arising under this Note or in connection herewith, the Payor hereby irrevocably submits to, consents to, and waives any objection to, the jurisdiction of the courts of the State of New York or of the United States District Court for the Southern District of New York.

The principal sum of this Note is Thirty-Five Thousand and 00/100 Dollars (\$35,000.00).

This Note bears interest at the rate per annum of twelve and one-half percent (12.5%).

This Note is dated as of November 27, 1985.

The date of maturity of this Note is April 15, 1986.

Interest accrued on this Note shall be payable in arrears in two installments, the first of which shall be on February 26, 1986, and the second of which shall be on April 15, 1986.

PAYOR:

Patton R. Corrigan

(Print Name and
initial first page)

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned ("Payor") promises to pay to the order of CIS Rail Corporation, 909 Montgomery Street, San Francisco, California 94133 ("Payee"), the principal sum set forth below on the maturity date set forth below ("Maturity"), together with interest on such amount commencing the date hereof, at the rate set forth below, on the dates set forth below. Payment of this Note and interest thereon shall be made in lawful money of the United States of America at Payee's office address given above or at such other commercial bank within the United States of America as the holder of this Note may designate by notice to Payor not less than five (5) days prior to the date when any payments hereunder are due and payable.

Payor waives presentment, demand for payment, notice of dishonor, notice of protest, and all other notices or demands in connection with the delivery, acceptance, performance, default, endorsement or guarantee of this Note.

This Note together with another note and certain cash payments represent the equity portion of Payor's ownership of certain equipment from which Payor derives certain tangible benefits, which benefits Payor fully acknowledges as sufficient consideration for this Note.

In the event Payor shall fail to pay this Note or interest hereon when due or shall enter into an assignment for the benefit of creditors or admit in writing its inability to pay its debts as they become due or shall file a voluntary petition in bankruptcy or be adjudicated a bankrupt or insolvent or shall file a petition or answer seeking any arrangement, composition, readjustment, dissolution or similar relief under any present or future statute, law or regulation or shall file any answer admitting or shall fail to deny the material allegations of any petition filed against it for any such relief or shall seek or consent to or acquiesce in the appointment of any trustee or receiver for itself or any substantial part of its property, thereupon, and in any such event (an "event of default") and at any time thereafter during the continuance of such event, this Note and all other present and future liabilities of any and all kinds of the Payor to the holder hereof whether created directly or acquired by assignment, whether absolute or contingent, shall, unless the holder shall otherwise elect, become forthwith due and payable, both as to principal and interest, without presentment, demand, protest or any further notice of any kind, all of which are hereby expressly waived, anything contained herein or to the contrary notwithstanding.

This Note is transferable and assignable in its entirety and all rights of the Payee against the Payor as

created by this Note are similarly transferable and assignable.

If this Note is held by a commercial bank or a lending institution, such holder, its successors, assigns and endorsees, shall in all respects be deemed a holder in due course, and shall take this Note free of any offsets, defenses or claims of any nature of the undersigned against the Payee, any other person, firm or corporation.

This Note may be prepaid, in whole or in part, at any time, without penalty. In the event this Note shall not be promptly paid when due, Payor shall pay all reasonable costs of enforcement and collection of this Note including reasonable attorney's fees.

This Note shall be construed in accordance with and governed by the laws of the State of New York without giving effect to the principles thereof relating to conflicts of law. For any dispute arising under this Note or in connection herewith, the Payor hereby irrevocably submits to, consents to, and waives any objection to, the jurisdiction of the courts of the State of New York or of the United States District Court for the Southern District of New York.

The principal sum of this Note is Seventy Thousand Five Hundred and Forty-Five and 30/100 Dollars (\$70,545.30).

This Note bears interest at the rate per annum of twelve and one-half percent (12.5%).

This Note is dated as of November 27, 1985.

The date of maturity of this Note is January 2, 1987.

Interest accrued on this Note shall be payable in arrears in four quarterly installments commencing February 26, 1986 and through and including November 26, 1986 and in a fifth and final installment on January 2, 1987.

PAYOR:

Patton R. Corrigan

(Print Name and
initial first page)